

85th Legislative Session – 2010

Committee: Senate Retirement Laws

Thursday, January 21, 2010

P - Present
E - Excused
A - Absent

Roll Call

P Abdallah
P Jerstad
P Miles
P Brown, Vice-Chair
P Nelson, Chair

OTHERS PRESENT: See Original Minutes

The meeting was called to order by Chair Tom Nelson.

Elmer Brinkman, Chair of the Board of Trustees, introduced the board members who were present. A presentation of the Annual Report of the Funded Status of the South Dakota Retirement System was given by Rob Wylie, Executive Director/Administrator of the SD Retirement System (Handout #1).

SB 18: revise certain retirement provisions regarding retired members of the South Dakota Retirement System who return to covered employment and to declare an emergency.

Presented by: Rob Wylie, Executive Director/Administrator of the SD Retirement System (Handouts: #2)

Proponents: Wyland Borth, SD Retired Teachers Association

Opponents: Jim Holbeck, Self, Harrisburg (Handouts: #3)
Wayne Semmler, Self, Martin
John Pedersen, School Administrator of South Dakota
Bill Lynch, Associated School Boards of South Dakota

MOTION: DO PASS SB 18

Moved by: Brown

Second by: Miles
Action: Prevailed by roll call vote. (3-2-0-0)

Voting Yes: Miles, Brown, Nelson

Voting No: Abdallah, Jerstad

SB 19: increase contributions related to the optional spouse protection program within the South Dakota Retirement System and to prohibit any new enrollments in the program.

Presented by: Rob Wylie, Executive Director/Administrator of the SD Retirement System
(Handouts: #4)

MOTION: DO PASS SB 19

Moved by: Brown
Second by: Jerstad
Action: Prevailed by roll call vote. (5-0-0-0)

Voting Yes: Abdallah, Jerstad, Miles, Brown, Nelson

SB 20: revise certain retirement provisions within the South Dakota Retirement System.

Presented by: Rob Wylie, Executive Director/Administrator of the SD Retirement System
(Handouts: #5)

MOTION: DO PASS SB 20

Moved by: Brown
Second by: Jerstad
Action: Prevailed by roll call vote. (5-0-0-0)

Voting Yes: Abdallah, Jerstad, Miles, Brown, Nelson

SB 21: revise certain provisions regarding exclusive benefit requirements and the range of investments available to the South Dakota Retirement System member trust fund.

Presented by: Rob Wylie, Executive Director/Administrator of the SD Retirement System
(Handouts: #6)

Wade Hubbard, SD Retirement System (Handouts: #7)

Matt Clark, SD Investment Council, presented additional information.

Proponents: Senator Stanford Adelstein
Representative Bernie Hunhoff

Opponents: Representative Dan Lederman

MOTION: AMEND SB 21

21mb

On page 1, line 10, of the printed bill, delete "and the State Investment Council may not invest".

On page 1, line 11, delete "member trust funds in any manner".

On page 1, line 11, delete "are" and insert "is".

On page 2, line 2, delete "pure" and insert "maximum risk-adjusted".

On page 2, line 11, after "." insert "The State Investment Council shall invest member trust funds in a manner that is solely designed to provide for the exclusive benefit of the members and benefit recipients of the system. However, the foregoing provisions notwithstanding, the State Investment Council shall establish a Shareholder Activism Policy to engage and promote compliance with federal divestiture enactments by the United States House of Representatives or the United States Senate, specifically including the enactments' effect in regard to Royal Dutch Shell, Petrobras, and Total, and to recognize the risks associated with companies doing business in the countries identified. The State Investment Council shall report semi-annually and fifteen months after the effective date of this Act on council actions related to the Shareholder Activism Policy. The report shall include an analysis of the success of the policy in accomplishing the goal of promoting compliance with the federal enactments and its impact on all sales of affected companies.

The Legislature may express its concerns about investments related to terrorism, genocide, or other atrocities recognized by the United States House of Representatives or the United States Senate through resolutions advising the State Investment Council to activate its Shareholder Activism Policy."

Moved by: Brown
Second by: Miles
Action: Was not acted on.

MOTION: SUBSTITUTE MOTION AMEND SB 21

21mc

On the printed bill, delete everything after the enacting clause and insert:

" Section 1. The Legislature finds that the State of South Dakota, through the South Dakota Investment Council and the South Dakota Retirement System, currently has substantial direct investments in three major foreign oil companies:

- (1) Royal Dutch Shell (United Kingdom);
- (2) Petrobras (Brazil); and
- (3) Total (France);

which have been identified as scrutinized business operations subject and liable to sanctions under the Iran Sanctions Act of 1996 (P.L. 104-172).

Section 2. The State Investment Council shall divest the State of South Dakota from all direct holdings in the scrutinized business operations identified in section 1 of this Act not later than fifteen months from the effective date of this Act unless, prior to divestiture, one or more of the named companies is removed from the list of scrutinized business operations under the Iran Sanctions Act."

Moved by: Jerstad
Second by: Abdallah
Action: Failed by roll call vote. (2-3-0-0)

Voting Yes: Abdallah, Jerstad

Voting No: Miles, Brown, Nelson

MOTION: AMEND SB 21

21mb

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The Legislature may express its concerns about investments related to terrorism, genocide, or other atrocities recognized by the United States House of Representatives or the United States Senate through resolutions advising the State Investment Council to activate its Shareholder Activism Policy."

Moved by: Brown
Second by: Miles
Action: Prevailed by roll call vote. (4-1-0-0)

Voting Yes: Jerstad, Miles, Brown, Nelson

Voting No: Abdallah

MOTION: DO PASS SB 21 AS AMENDED

Moved by: Miles
Second by: Brown
Action: Prevailed by roll call vote. (4-1-0-0)

Voting Yes: Jerstad, Miles, Brown, Nelson

Voting No: Abdallah

MOTION: ADJOURN

Moved by: Miles
Second by: Brown

Action: Prevailed by voice vote.

Linda Dugaard
Committee Secretary

Tom R. Nelson, Chair